



General Assembly

Substitute Bill No. 105

February Session, 2014



AN ACT CONCERNING SOCIAL INNOVATION INVESTMENT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4-68aa of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2014*):

3 (a) As used in this section:

4 (1) "Savings" means a reduction in state expenditures, as such
5 expenditures are defined in an outcome-based performance contract;

6 ~~[(1)]~~ (2) "Secretary" means the Secretary of the Office of Policy and
7 Management, or the secretary's designee;

8 ~~[(2)]~~ (3) "Social innovation investment enterprise" means an entity
9 created to coordinate the delivery of preventive social programs by
10 nonprofit service providers, which has the capability of creating a
11 social investment vehicle, entering into outcome-based performance
12 contracts and contracting with service providers;

13 ~~[(3)]~~ (4) "Social investment vehicle" means an investment product
14 established by a social innovation investment enterprise to raise
15 private investment capital; and

16 ~~[(4)]~~ (5) "Outcome-based performance contract" means a contract

17 entered into between the secretary or an agency authorized by the
18 secretary and a social innovation investment enterprise that establishes
19 outcome-based performance standards for preventive social programs
20 delivered by nonprofit service providers and provides that investors in
21 any social investment vehicle shall receive a return of their investment
22 and earnings thereon only if outcome-based performance standards
23 are met by the social innovation investment enterprise.

24 (b) The secretary may authorize any agency to enter into an
25 outcome-based performance contract with a social innovation
26 investment enterprise for the purpose of [accepting a United States
27 Department of Justice fiscal year 2012 Second Chance Act Adult
28 Offender Reentry Program Demonstration Category 2 Implementation
29 grant. The outcome-based performance contract between the secretary
30 and a social innovation investment enterprise may provide for
31 payments from the social innovation account, established pursuant to
32 subsection (d) of this section, to the social innovation investment
33 enterprise or to investors or to both.] preventive social programs. The
34 outcome-based performance contract shall be based on a written
35 proposal deemed sufficient by the secretary that demonstrates savings
36 will be generated by the social innovation investment enterprise
37 through the accelerated delivery of preventive social programs within
38 the state.

39 (c) Any outcome-based performance contract authorized by the
40 secretary, pursuant to the provisions of this section, shall include, but
41 not be limited to: (1) Payment conditioned on the achievement of
42 specific, quantifiable outcomes based on defined performance
43 benchmarks; (2) an objective determination by an independent
44 evaluator that the performance benchmarks have been achieved; (3) a
45 calculation of the amount and timing of payments that would be
46 earned by the service provider during each year of the agreement if
47 performance targets are achieved as determined by the independent
48 evaluator; (4) a provision requiring the secretary or any agency
49 authorized by the secretary to request an appropriation for each fiscal

50 year that the contract is in effect, in an amount equal to the expected
51 payments that the state would ultimately be obligated to pay based
52 upon service provided during that fiscal year if performance targets
53 were achieved, for the non-lapsing social innovation account created
54 pursuant to this section; and (5) a fiscal analysis by the secretary or any
55 agency authorized by the secretary as to projected savings in specific
56 governmental service areas related to achievement of specific,
57 quantifiable performance benchmarks.

58 (d) When considering entering into an outcome-based performance
59 contract with a social innovation investment enterprise, the secretary,
60 or any agency authorized by the secretary, shall present a summary
61 statement that shall include policy areas to be addressed by such
62 contract, the social intervention service to be delivered, a general
63 description of performance metrics and a general estimate of savings
64 to the joint standing committees of the General Assembly having
65 cognizance of matters relating to human services and appropriations
66 and the budgets of state agencies. After entering into such contract,
67 the secretary, or any agency authorized by the secretary, shall present
68 to said committees the terms and conditions of the contract, along with
69 an executive summary of the agreement, detailing: (1) The social
70 innovation investment for which the contract is being entered into; (2)
71 the performance measures being used; (3) a calculation of the amount
72 and timing of payments that would be earned by the service provider
73 during each year of the agreement if performance targets are achieved
74 as determined by the independent evaluator; (4) projected savings in
75 specific governmental service areas related to achievement of specific,
76 quantifiable performance benchmarks; and (5) projected
77 appropriations necessary for fiscal years subsequent to the current
78 biennium to fund the social innovation account established pursuant
79 to this section. For each outcome-based performance contract entered
80 into pursuant to this section, the secretary, or any agency authorized
81 by the secretary, shall report annually during the contract period and
82 not later than six months after the conclusion of the contract period on
83 the status of such contracts to said joint standing committees. Such

84 reports shall include information on (A) the achievement by the
 85 nonprofit service provider of specific, quantifiable outcomes based on
 86 defined performance benchmarks as determined by an independent
 87 evaluator, (B) returns on investment for the social innovation
 88 investment enterprise, and (C) fiscal analyses of savings achieved in
 89 specific governmental service areas related to the achievement of
 90 specific, quantifiable performance benchmarks.

91 ~~[(c)]~~ (e) The secretary shall require agencies to comply with the
 92 provisions of section 4e-16 relating to privatization contracts when
 93 entering into an outcome-based performance contract with a social
 94 innovation investment enterprise pursuant to this section.

95 ~~[(d)]~~ (f) There is established an account to be known as the "social
 96 innovation account" which shall be a separate, nonlapsing account
 97 within the General Fund. The account shall contain any moneys
 98 required by law to be deposited in the account. Any interest accruing
 99 to the account shall be credited to the account. Moneys may be
 100 transferred to the account from the General Fund. Moneys in the
 101 account shall be expended by the [Secretary of the Office of Policy and
 102 Management for the purposes of facilitating the reentry of moderate
 103 and high-risk offenders into the community] secretary, or any agency
 104 authorized by the secretary, solely to provide payments to the social
 105 innovation enterprise, investors or both, and related administrative
 106 costs, in accordance with the terms of an outcome-based performance
 107 contract. The secretary, or any agency authorized by the secretary, may
 108 apply for and accept gifts, grants or donations from public or private
 109 sources to enable the account to be a source of payments to investors
 110 purchasing interests in a social investment vehicle.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2014	4-68aa
-----------	--------------	--------

HS

Joint Favorable Subst.

GAE *Joint Favorable*

APP *Joint Favorable*